

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on January 14, 2003
at 10:10 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Rep. Dave Lewis (R)
Sen. Bea McCarthy (D)

Members Excused: Sen. Royal Johnson, Vice Chairman (R).

Members Absent: None.

Staff Present: Amy Carlson, OBPP
Diana Williams, Committee Secretary
Lynn Zanto, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

The Montana Arts Council also had executive action on January 10, 2003.

Committee Business Summary:

Hearing(s): None

Executive Action: Montana Arts Council,
Board of Public Education,
Montana School for the Deaf
and Blind

EXECUTIVE ACTION ON MONTANA ARTS COUNCIL

Motion/Vote: REP. LEWIS moved language that **ALL FEDERAL FUNDS IN ITEM 1 ARE BIENNIAL APPROPRIATIONS DO PASS.** (This would approve the spending of the federal funds in any of the two years.)

Motion carried 7-0 by voice vote.

EXHIBIT(jeh07a01)

{Tape: 1; Side: A; Approx. Time Counter: 0.- 1.8}

EXECUTIVE ACTION ON BOARD OF PUBLIC EDUCATION

There was a discussion on proxy forms. Senators will have yellow ones and Representatives will have goldenrod.

REP. BUZZAS wanted to know if SEN. JOHNSON had a written proxy. CHAIRMAN HEDGES said, "yes."

{Tape: 1; Side: A; Approx. Time Counter: 1.9- 4.0}

Lynn Zanto, Legislative Fiscal Division, explained the procedure for executive action. The document "Standard Motions" was discussed.

EXHIBIT(jeh07a02)

Motion/Vote: REP. LEWIS moved to **ADOPT THE FISCAL 2002 BASE FOR ALL FUNDING EXCEPT FOR GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUESTED FOR ALL FUNDS.** Motion carried 4-3 with REPS. BUZZAS, FRANKLIN and SEN. MCCARTHY voting no by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 5.2- 6}

Motion: SEN. ESP moved to **HAVE THE TOTAL UNSPECIFIED REDUCTIONS FROM THE ADJUSTED BASE OF \$26,126 (2004) AND \$24,054 (2005) GENERAL FUND RESTORED.** (These values came from the bridge document or Exhibit 3 - 5th line down.)

EXHIBIT(jeh07a03)

Discussion:

Amy Carlson, OBPP, asked for clarification on what the committee was requesting in this motion. She wanted to know if the committee would consider the executive reductions in DP 7000 in Program 01-Administration of \$6,423 in Fiscal 2004 and \$6,622 in Fiscal 2005. She further explained that with this Decision

Package, 2 items would be reinstated. There would be an increase of \$2,000 per year for per diem for board members as well as reinstating Governor reductions and global special session reductions. (See Exhibit 4 for details.)

SEN. McCARTHY wanted to know if this Decision Package was adopted would it allow the agency to go back to having four meetings a year. **Ms. Carlson** said she would check into this.

REP. LEWIS asked of **CHAIRMAN HEDGES** if DP 7000 isn't adopted, are there plans to come up with the money needed to adopt this decision package. **CHAIRMAN HEDGES** said, "yes."

Ms. Carlson further explained that in this agency's testimony the Governor's office learned that with the current Executive Secretary, this agency could support a diminished Legal Council budget. One of the concerns that the agency's board stated was the reduced ability to participate in the national association (NASBE). This board would also like to meet separate from the Board of Regents and presently are unable to. Also with this budget, it impairs this board's ability for strategic planning.

{Tape: 1; Side: A; Approx. Time Counter: 6.1 - 10.9}

There was further discussion to help the committee understand what this motion would do. **CHAIRMAN HEDGES** explained that this motion would restore the Board of Education's base to \$163,629 in fiscal 2004 and \$161,557 in fiscal 2005. (See Exhibit 2), [which would be the 2002 base for this agency]. It was learned that this motion would not be cutting \$8,000 that was cut in the special session. Before the discussion **REP. BUZZAS** went on record stating she was against this motion. After the clarification she said, "I stand corrected."

{Tape: 1; Side: A; Approx. Time Counter: 11.0 - 15.2}

VOTE: Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 15.0 - 15.2}

CHAIRMAN HEDGES explained that there are two Nongeneral Fund Decision Packages that need to be addressed.

EXHIBIT (jeh07a04)

EXHIBIT (jeh07a05)

Ms. Zanto explained Exhibit 4, or DP 2-Administrative Assessment in Program 01-Administration. If adopted, the program would have an additional \$3,000 per year of State Special Revenue funds from the Research Account for a total of \$15,000 per year. Revenue in this account is from Teacher Certification fees.

Ms. Zanto further stated that this package if adopted, would allow for a redistribution of fees between programs. This motion would be taking the amount that was authorized (\$3,000 per year) from the Advisory Program(03) and placing it in Administration (01). There would be no additional fee increase for teacher certification. Funding for research projects under the Advisory Council Program(03), would be less. This agency has spent 25% less on these projects in the 2002 biennium than in previous years.

Motion/Vote: SEN. MCCARTHY moved DP 2 IN 01-THE ADMINISTRATION PROGRAM DO PASS. Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 15.3- 19.7}

Ms. Zanto explained Exhibit 5, DP 5 in the 03-Advisory Council Program, which is tying the appropriations from the Research Account (02219) to the anticipated revenue. The anticipated revenue for this fund in fiscal 2004 is \$55,000. She explained that \$15,000 was just approved to be used in program(01) which leaves \$40,000. This Decision Package if adopted, would be spending part of the fund balance in the amount of \$20,000 per year more than the actual anticipated revenues. So the State Special Revenue adjustment in DP 5 would be \$18,550 for fiscal 2004 and \$22,289 in fiscal 2005.

Ms. Zanto further stated that the current fund balance of \$82,000 could support this level of spending but in future bienniums it may not and eventually this fund balance may diminish. She also advised the committee that this motion could be for this biennium only or approve only at the current level of anticipated revenues (which would allow \$40,000 for (03)program).

CHAIRMAN HEDGES wanted to know what the revenue stream is for this fund. **Ms. Zanto** said that it is from teacher certification fees. For every \$6.00, \$2.00 goes to research.

{Tape: 1; Side: A; Approx. Time Counter: 19.8 - 22.4}

Motion/Vote: REP. LEWIS moved DP 5 IN 03-ADVISORY COUNCIL PROGRAM DO PASS.(See Exhibit 5 for details.) Motion carried 7-0 by voice vote.

Further discussion was on the fund balance of the Research Fund. In fiscal 2005 the fund balance is projected at \$25,693. See Figure 2 which is Exhibit 6 for details.

EXHIBIT(jeh07a06)

[For clarification purposes: DP 7000 which is the general adjustment in Program 01-Administration was not adopted by the committee.]

{Tape: 1; Side: A; Approx. Time Counter: 22.5 - 24.6}

EXECUTIVE ACTION ON MONTANA SCHOOL FOR THE DEAF AND BLIND

[SEN. JOHNSON arrived for the Executive Action for the Montana School for the Deaf and Blind.]

Motion/Vote: REP. LEWIS moved to ADOPT THE FISCAL 2002 BASE FOR ALL FUNDING EXCEPT FOR GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUESTED FOR ALL FUNDS. Motion carried 4-3 with REPS. BUZZAS, FRANKLIN and SEN. MCCARTHY voting no by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 24.8 -27.3}

Through Exhibit 7 it was determined that to arrive at the 2002 General Fund Base for this agency, \$413,503 in fiscal 2004 and \$393,884 in fiscal 2005 would have to be restored.

EXHIBIT(jeh07a07)

Motion: REP. BUZZAS moved to RESTORE GENERAL FUND OF \$413,503 IN FISCAL 2004 AND \$393,884 IN FISCAL 2005 FOR THE PURPOSE OF DISCUSSION.

{Tape: 1; Side: A; Approx. Time Counter: 27.3 -28.7}.

Discussion:

If this motion is adopted the legislature will have to find \$800,000.

Vote: Motion carried 5-2 with SENS. ESP and JOHNSON voting no by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 28.7- 30}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 0.3}

The Nongeneral Fund Decision Packages were addressed. In addition to the DP's that have an * on the bridge document in Exhibit 7, DP 5 was also part of these packages.

Ms. Carlson explained DP 5 in Program 02-General Services. It is the bond repayment to the Department of Natural Resources for retrofitting the school HVAC system. In 2005, this portion will be paid off and the cost will be \$2,000 less than it was in fiscal 2004. (In fiscal 2004 the cost will be \$10,000 and in 2005 \$8,000.) This motion will not extend the life of the bond.

Motion/Vote: SEN. JOHNSON moved DP 5 OF THE GENERAL SERVICES PROGRAM(02) DO PASS. Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: .4 - 3.0}

Ms. Zanto explained DP 7000 in 03-Student Services Program. See Exhibit 8 for details.

EXHIBIT(jeh07a08)

Ms. Carlson explained that there was a budget amendment at the end of fiscal 2002 which reduced this agency's general fund spending and switched it to federal funds. Since this was an amendment it didn't continue on in to the agency's next year base budget. This motion would reinstate \$2,752 per year of Federal Funds as well as decreasing General Funds.

Further discussion was on the food budget for this agency. The committee was informed that the legislature authorized \$25,000 of federal spending authority for school foods program (free or reduced price meals for students who qualify). This agency collected \$27,752 and expect the same amount for this biennium, hence the amendment and the proposal.

The students who qualify for this program can have up to two meals a day. Commodities were also discussed. This school expects to collect \$2,000 per year in commodities but will not receive any revenue from them. Commodities do not affect the eligibility status of the students that are in this food program.

Ms. Carlson explained the other parts of DP 7000. Rather than buying a vehicle this agency would lease. Also, overtime costs that are automatically removed from the base budget would be reinstated.(See Figure 1 on Exhibit 8 for details.) She also stated that if the \$11,000 per year for overtime wouldn't be approved, then this agency would have to find the funds somewhere else.

Ms. Zanto said that the overtime expenditures in the Student Services Program in 2002 were \$17,000. Expenditures were \$8,000 for the previous two years.

Ms. Zanto also explained to the committee that when CHAIRMAN HEDGES proposed this motion, he was only dealing with the Non-general funds. If the committee would want to reinstate the overtime funding as well address the leasing of the vehicle, the entire package would have to be adopted.

{Tape: 1; Side: B; Approx. Time Counter: 3.1 - 14.7}

Motion: REP. FRANKLIN moved DP 7000 IN STUDENT SERVICES PROGRAM (03) DO PASS. (This would be for General Fund as well as for Federal Special Fund.)

Discussion:

Ms. Zanto explained to the committee that this agency was asking to restore \$359,000 in General Fund and with the prior action, the committee restored General Fund of about \$413,000 in fiscal 2004 and \$393,800 in fiscal 2005. By adopting DP 7000, General Fund would be reduced by \$17,802 in Fiscal 2004 and \$12,299 in fiscal 2005.

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 14.8 - 16-8}

Ms. Zanto explained DP 7001 in Program 4-Education, which is a continuation of a fund switch that occurred in the August 2002 Special Session. If adopted, \$56,995 (yearly) of the MTAP funds (handicapped telecommunications funds) would be appropriated to the Education Program(04). The telecommunications fund provides specialized telecommunication devices and relay service system for persons with disabilities as well as providing infant testing for hearing impairment.

EXHIBIT (jeh07a09)

Ms. Zanto also said that there is proposed legislation that would reverse the August 2002 Special Session action. If passed, the school would no longer be eligible for these funds.

Motion/Vote: SEN. McCARTHY moved DP 7001 IN 04-EDUCATION PROGRAM DO PASS. Motion carried 7-0 by voice vote. (\$56,995 per year of funding would be through State Special revenue, which would reduce the General Fund by \$56,995)

{Tape: 1; Side: B; Approx. Time Counter: 16.9 - 18.6}

There was further discussion on the committee actions.

[Since this committee reinstated the funding base to the 2002 level for this agency, the remaining Decision Packages (DP's) that are on the bridge document (Exhibit 3) were not addressed in this meeting.]

{Tape: 1; Side: B; Approx. Time Counter: - 18.7- 20.1}

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh07aad)